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Between the gorgeous weather and the absence of tourists, the old argument that fall is the best time of year in Mongolia has again been validated. September blew in clear and cool, but around mid-month an early snowstorm dumped a few inches of the white stuff on us and temperatures dove into the low '20s (Fahrenheit). We thought at first we were in for an early winter (where's global warming when you really need it?), but temperatures quickly rebounded and the rest of the month was perfect.

Political Update. September was an active political month, as several important decisions loomed ahead. The anticipated resignation of Ulaanbaatar Mayor (and capital MPRP party head) M. Enkhbold to take up his parliamentary seat meant there was a buzz of speculation, and some open MPRP politicking, over who would replace him in these important posts. These questions had not been resolved by the time Enkhbold was sworn in as an MP on October 3. The Democratic Party also gained a new MP (raising the party's total to 26, against the MPRP's 37) when Z. Enkhbold also was sworn in on October 3. Late in September, the Supreme Court decided not to hear the MPRP's appeal against lower court rulings that Z. Enkhbold had narrowly won the seat in the June 2004 election.

At the very end of September, the Constitutional Court ruled unconstitutional a law passed in early August allowing the Democratic Party to form a caucus. The DP MPs had become "independents" when the Motherland-Democracy Coalition under which they had been elected was dissolved in December 2004. The new law had been intended to carry out one provision of the August 2 MPRP-Democratic Party deal reaffirming the "Grand Coalition Government" agreement. However, the Constitutional Court stayed its ruling until mid October, giving the State Great Hural a chance to accept or reject its holding. Formal caucus status gives a party some privileges in parliament (such as the right to give a speech at the beginning of sessions), and also provides funding for caucus staff. All of the parties which participated in the Motherland-Democracy Coalition that battled the MPRP to a virtual dead heat in the June 2004 Parliamentary elections will now be denied this status.

PART I: USAID PROGRAM NEWS

STRATEGIC OBJECTIVE 1: PRIVATE SECTOR-LED ECONOMIC GROWTH

Economic Policy Reform and Competitiveness Project (EPRC)

Chemonics

www.eprc-chemonics.biz

Economic, Financial, and Trade Policy Support

Social Accounts Matrix (SAM). In August the National Statistics Office (NSO) made significant revisions to the national accounts data of 2004 published in the yearly statistics book. During September, EPRC worked on adjusting figures used in the Social Accounts Matrix (SAM) that the project has developed for the Mongolian economy. These figures needed to be made consistent with the NSO revisions and reconciled with data received from other sources. The reconciled data show that in 2004, Mongolia's GDP increased to 1.9 billion Tg (\$1.6 billion, \$640 per capita). Household consumption per capita slightly declined and domestic private sector investment remained at a very low level—about four percent of GDP. Foreign direct investment also declined, but private remittances increased to about \$200 million. Both the budget deficit and foreign trade deficit decreased significantly.

Tax Reform

Tax Reform Communications Strategy. During September, EPRC continued its support of the tax communications strategy of the Ministry of Finance (MoF) and the General Department of National Taxation (GDNT). EPRC prepared four new tax briefings for publication in national newspapers, bringing the cumulative number of these print briefings to thirteen. Topics were:

- The proposed Personal Income Tax Law; Part II
- The proposed Corporate Income Tax
- Deduction of expenses under the proposed Legal Entity Income Tax Law
- Taxes and assets: Depreciation.

In addition to the four newspapers which publish the briefings, they were also posted on the Open Government, Ministry of Finance, General Department of National Taxation, EPRC, and Open Society Forum websites.

Tax Reform Facilitation. EPRC held a first round of individual meetings with members of the Parliamentary Tax Working Group (PTWG) and the Chair of the State Great Hural (SGH) Standing Budget Committee in September. The Tax Tech Team also prepared and delivered a set of proposed corporate income tax (CIT) amendments, a justification for them, and economic impact scenarios.

SGH Standing Budget Committee/Tax Working Group Retreat. At the suggestion of the project, the Chairs of the Budget Standing Committee and the Parliamentary Tax Working Group (PTWG) agreed to hold a one-day weekend retreat to examine the corporate income tax (CIT) and personal income tax (PIT) proposals submitted by MoF in July. The retreat is scheduled for early October.

The General Equilibrium Model. In September, the project updated the computable general equilibrium model (CGE) with final 2004 national accounts released by the National Statistics

Office; began documentation of the model for public use; and, at the request of the Chair of the PTWG, ran economic impact scenarios of diverse combinations of corporate income tax (CIT) and personal income tax (PIT) measures.

Corporate Income Tax. At the request of the PTWG Chair, in September the project prepared and delivered draft amendments on the Ministry of Finance corporate income tax proposals.

Cluster and Business Development Support

Tourism

Tourist Information Center (TIC) Opens in Tokyo. Patterned after the EPRC/USAID Tourist Information Center (TIC), the first overseas Mongolian Tourist Information Center representative office opened in Tokyo on 26 September. This new center is entirely funded with counterpart resources; no USAID funding was used. The event was timed to coincide with the annual Japanese Association of Travel Agents World Tourist Fair (JATA). The TIC, working with the Ministry of Roads, Transport and Tourism, organized the participation of 32 Mongolian tour operators specializing in the Japanese market. Japan is the fourth largest visitor market for Mongolian companies, after China, Russia, and Korea.

Tourism Portal. EPRC subcontractor PXL demonstrated the first working prototype model of the web-based Tourism Portal at EPRC on 23 September. The major objective of the prototype was to test an on-line booking system for reservations and overall design of the site. Future tasks include further development of content, graphics, photographs and English language editing. During October, PXL will consult with focus groups from the industry prior to an all-industry launch scheduled for November. The portal is designed to run on a commercial private sector basis, with TIC and PXL being anchor shareholders.

Khentii Tourist Website Launched. Peace Corps volunteers in Khentii and Ovorkhangai *aimags* completed a pilot program to survey and document tourism sites, attractions, and events in the aimags for inclusion on the tourism portal. The Khentii web-site is functional at www.khentii.net. The site has a number of small bugs yet to be ironed out and will be integrated into the portal with other *aimag* sites as they are completed. Khentii and Ovorkhangai were selected for the pilot because of the connection with Chinggis Khan and 2006, which will mark the 800th anniversary of the founding of the Mongolian State.

Ger Camp Networks. Two ger camp networks have been formed in response to deficiencies noted last summer during EPRC's survey of tourist facilities. The first network, *Nuudelchdiin Urgoo*—literally "Great Ger of the Nomads"—has been incorporated as a private limited company with fifteen ger camps in fifteen aimags, with equal shares. The intention is to market themselves as a group to tour operators, conduct joint training and purchasing, and create differentiation through coordination of menus and events. EPRC is in discussions with the new company concerning assistance in a number of areas, particularly training and marketing. The second ger camp association, the Mongolian Tourist Camp Association (MTCA), has similar objectives but has been set up as an NGO.

Chinggis Trail. The *Chinggis Trail* in Khentii, mapped by EPRC this summer, has been adopted by one of the major tour operators and will be promoted as the "Chinggis Khan Golden Tour" during 2006. EPRC will act as a facilitator between the company, the local administration, and local communities to provide tourism services.

Natural Fibers

Cashmere linkages with Hong Kong. The planned delegation to Hong Kong, a follow up of Philip Eddleston's work on 'routes to market', is facing some difficulties. It has proved problematic to engage the Hong Kong 'insider' necessary to contact key buyers and ensure attendance at the event. Because of the buying cycle, unless the problem can be resolved very quickly the opportunity will be lost and the event will need to be postponed until February 2006. The problem is compounded by the US/China textile dispute, with buyers currently reluctant to place orders. New York has been promoted as an alternative and possibilities are being investigated. Hong Kong and New York are regarded as the two buying centers for cashmere; Hong Kong had been preferred due to proximity and cost.

Cashmere Project – Berlin. The CEO of the Cashmere Project in Berlin reports a trial order of 500 pieces with a back up order of between 1,000 to 2,000 from *Brigitte.De*—a mail order and e-retailer. The Berlin distribution hub for Mongolian cashmere has also been asked to send sample scarves to *Becksondergaard*—a Scandinavian distributor with 120 outlets.

"Doggy cashmere". EPRC client "Tengerland" has launched a range of cashmere garments in the US for dogs—rain jackets, sweaters, and polo shirts, intended for retail at between US\$180–\$240 (that's no typo!). Tengerland is a purely marketing company and sources its garments from Mongolian producers. The company had received orders for 110 pieces four days after launching the products. After solidifying its presence in the US, Tengerland hopes to market its products in Japan and in Germany—the latter through the Cashmere Project-Berlin.

Meat, Leather and Other Markets

Pet Food Prospects. Jim Krigbaum, an international sales and marketing expert with significant experience in Japan and in the pet food industry, worked with Mongolian firms on proper positioning of their products according to target markets. After working with Mongolian pet food companies during September, he will take sample products and visit select distributors in Japan in early October.

Other Potential Niche Exports. While in Mongolia, Jim Krigbaum also identified Mongolian products with potential demand in Japanese markets. These included creams and health foods ("nutriceuticals") made from mares' milk, naturally-grown blueberry preserves, specialized salts, and carpets. Mr Krigbaum will explore potential Japanese interest for these products during his visit to distributors in that country in October.

Export Management Seminars. While in Mongolia, Mr Krigbaum conducted two seminars for exporters and potential exporters. The first was "Export management: A practical guide;" the second was "Getting the best out of trade shows".

Finance

Urban Housing Finance. Claude Bovet, an expert in urban housing finance, arrived in September to help the GOM develop a politically viable, fiscally sound, private sector-oriented plan to deliver affordable urban housing based on best international practices. The primary objectives are to (1) provide the GoM with recommendations on the most appropriate means of achieving its stated objective of providing about 40,000 new or improved housing units for lower income families over the next five years; and (2) support the private sector by recommending ways and next steps for the financial sector to offer longer term, more affordable housing finance. The consultancy will also explore the possibility of using USAID's Development Credit Authority (DCA) guarantee products to stimulate private sector housing finance.

Energy Sector Support

Energy Law. Drafting of amendments to the Energy Law heated up in September, with the ministry incorporating all fuels—from coal to uranium—into its portfolio. Minister Ochirkhuu believes the amended law will be passed by Parliament in this session.

Renewable Energy Law. The Renewable Energy Law is progressing through the system. USAID understands that it was submitted for review to the ministries and presented to the cabinet. Passage is expected during the fall session.

Energy Conservation Law. This law has been put on hold, yielding to other priorities. USAID expects the ministry to put this law on the legislative schedule for the spring session.

Market Structure Development. The Energy Regulatory Authority (ERA) has asked EPRC for assistance with the development of a bi-lateral contract market structure to replace the single-buyer-market currently practiced. Chemonics is actively recruiting for qualified experts to assist in this endeavor.

Difficulties at the ERA. As September was coming to a close, the chairman of the ERA was arrested and accused of violating procurement procedures, mismanaging the Authority's budget, and using an ERA vehicle for personal use. Since it requires all three ERA regulators to make decisions and issue orders, three project proposals made to the agency are now on hold: the Public Hearing Procedures, the Tariff Review Procedures, and the Dispute Resolution Procedures.

Energy Sector Finance. The energy sector's stated profit of 520 million MNT turns into a 36 billion (yes, billion) MNT loss in 2004 after application of International Accounting and Financial Reporting compliant Uniform System of Accounts (USOA). The new accounting system identified bad debt expenses, removal of capitalized maintenance expenses, accrual of interest expense on loans, and recognition of currency exchange losses as required under the international accounting standards introduced over the last year with EPRC assistance. Data show that the energy sector as a whole is virtually bankrupt. The amount of actual loss is expected to increase when Ministry of Finance (MoF) loans assigned to companies but not currently recognized by them are put in their books, and the corrected market valuation of assets is entered for assets whose values have been increased arbitrarily. Thanks to the successful implementation of the USOA in energy sector companies, policy makers will have, for the first time, an accurate financial picture of the dire conditions of the sector. Delicate negotiations lie ahead with MoF, MoFE, and sector companies on completing the remaining pieces of the financial picture and, more importantly, designing and agreeing on a practical workout. These trail-blazing intermediate findings may be just what the policy makers need to consider enacting needed reforms to attract private sector investment and management know-how in the sector.

Public Education/National Dialogue Support

Tax Reform. A variety of tax reform outreach efforts were undertaken by EPRC in September. These included posting tax reform proposals and weekly tax briefings in English and Mongolian on a variety of websites; starting preparations for a national dialogue to be hosted by Finance Minister Altankhuyag and GDNT Director Zorig; and running of full texts of the corporate (CIT) and personal (PIT) income tax laws in two national newspapers to make them available to the citizenry. The "Open Talk About Taxes" multimedia dialogue (or "chat") on tax reform proposals will be broadcast live on national television and radio, as well as on the Internet.

Citizens will be able to ask questions through live telephone lines, the Internet chat server, and SMS messages on cellular phones.

Private Sector Chat. EPRC is also holding discussions with the Mongolian Chamber of Commerce and Industry (MCCI) to jointly sponsor a similar program in October for the Mongolian private sector, to get business perspectives and reactions to the MoF tax reform proposals. MP Bayartsaikhan, Chair of the Parliamentary Tax Working Group (PTWG), declined participation of its members in this chat, reserving the right to hold one later when Parliament has a basic agreement on the tax reform measures. The “chat” format, pioneered by EPRC in Mongolia, is quickly gaining popularity among politicians.

Mongolia Ranked in World Economic Forum Competitiveness Index. EPRC is planning a formal event in October for the official release in Mongolia of its ranking on the World Economic Forum's (WEF's) Competitiveness Index. EPRC was WEF's National Partner in Mongolia for 2005, and conducted the survey in January-March of this year. For 2006, EPRC will pass on this role to the Open Society Forum (OSF), a partner in organizing the October event. This is the first time that Mongolia is ranked in the Competitiveness Index, and results of the survey show an extraordinary convergence of Mongolian businesses' perceptions about the biggest constraints to competitiveness.

The Gobi Initiative Phase II ***Mercy Corps International and PACT***

Trade Fair Month. The big news from Gobi in September was the “trade fairs”, the *aimag* equivalent of county fairs in the United States. These events were introduced to Mongolia a few years ago by the Gobi Initiative, and after a rather slow start the idea has taken off—big time. Trade fairs took place in September in all project *aimags*, and attracted large crowds. Total attendance at the six events was estimated at 66,900 out of a total resident population of 370,000, and total sales were about \$200,000 (up from about \$100,000 last year). Over a thousand exhibitors participated. Local products included dairy goods; bread, cookies and pastries; vegetables; wool and cashmere; hides and leather products; felt products; wood/metal products; handicrafts; wicker items; and construction material. The dairy and vegetable products had the highest demand, with exhibitors selling out of product. Local banks also participated, promoting their services and loan products. The trade fairs organized activities to increase the scale and the popularity of the events, including raffles, children's English classes, free barber and beauty services, *airag* (fermented mare's milk) drinking competitions, and cultural events. Raffle prizes were donated by local businesses and the banks, and the Bayanhongor *Aimag* trade fair organized the first ever “Beach Volleyball” competition in Mongolia.

Trade Fairs: VIPs. The Prime Minister of Mongolia, Ts. Elbegdorj; the US Ambassador, Pamela J. Slutz; new Deputy Chief of Mission Brian Goldbeck; USAID Representative Skip Waskin; and other senior officials from the US Embassy led the official opening of the Dundgovi trade fair on 24 September, and visited the market stalls talking to exhibitors and tasting the products. Members of Parliament from Umnugovi, Govi-Altai and Dundgovi also attended the market events in their respective *aimags*. The annual trade fairs are becoming “must attend” events for MPs and other senior government officials, a great democracy spinoff from this economic growth project.

Cooperation with Ivanhoe Mines. The Gobi Initiative-supported cooperatives in Uvurhangai, Dundgovi and Umnugovi have completed the third delivery of vegetables to Ivanhoe Mines, bringing the total delivered this season (to date) to twelve tons. GI and Ivanhoe Mines have continued the process of establishing an independent commercial bus service to transport Ivanhoe employees between Dalanzadgad and the Oyu Tolgoi mine site. Two businesses in Dalanzadgad submitted formal applications to the tender that was issued for this, and the GI

program office is developing a comprehensive business plan with one of the applicants. USAID hopes that the bus service will start operation in October.

Cooperative Development. Gobi completed an assessment of the organizational development and future leadership needs of herder cooperatives in the Gobi *aimags* in September, and Mercy Corps is finalizing a detailed work plan aimed at building the institutional capacity of the cooperatives over the next six months. The areas identified for further technical assistance include training on the legal environment and regulations governing the establishment of a cooperative (cooperative laws, tax regulations etc), cooperative management and financial management training, and marketing assistance.

Media and Communications. The "Endless Labyrinth", a 26-part business educational soap opera, debuted on Mongol TV on September 3rd. The program was heavily promoted in local newspapers and through banners and posters. Also in September, the scripting and production of a new radio series of "Herder from the Future" radio drama began, with the series scheduled to air in October.

The GER Initiative

CHF International

September is usually the start of a seasonal slowdown for GER Initiative clients, but this year it was as busy as previous months. Fifty-nine businesses were improved or expanded, 15 new startups were created, 183 people were matched to jobs, and 49 new job placements were generated.

Training. Some 351 clients participated in business training this month. Specialized training took place on a variety of agricultural topics, on business start-ups, and, in cooperation with GTZ, on training of judicial legal professionals. GER also organized a five day "Start Your Own Business" training program with the Choibalsan business incubator for eleven participants.

Consulting. GER provided consulting services to 454 clients in September. The most common consultancies were for obtaining a loan (35% of the total), marketing (20%), making linkages (10%), business analysis and planning (10%), and starting a business (6%).

Financial Services. GER facilitated or financed 104 loans worth \$102,000 in September, and eleven Capital Augmentation Fund (CAF) loans were disbursed. As of September 30, there was a total of 896 outstanding loans, and there had been a grand total of only five defaults.

Information and Linkages. Some 324 people accessed information services from the project in September. GER also started its third annual *hashaa* survey to help document the value of *ger* area land; the project finished entering data on over 450 *hashaas* out of over 1,200 *hashaas* that were sold over the past year. The survey should be completed in November.

Linkages. September saw an increase in linkages by GER to the mining community, due partly to project participation in a major mining conference in Ulaanbaatar. GER clients are delivering pork, metal barrels, uniforms, boxes, bags and jam to companies such as Boroo Gold, Asia Gold, Major Drilling and Ivanhoe.

Employment Services. GER had established employment relationships with 33 large businesses as of the end of September. Some are only now finding employees through the project; some come to GER branch offices on certain days to recruit workers; and some participate in GER "labor days". Roughly 50% of all employment matching activities are done through these 33 companies; 15% of the businesses are service based, 35% are traders and 50% are production based businesses.

Eastern Steppe Living Landscape Project

Wildlife Conservation Society

The Eastern Steppe Project wrapped up its summer field season in September, and shifted focus to analyzing data collected during the summer and finalizing reports in preparation for next year's activities.

Avian Influenza Update. The WCS FVP wrote up its investigation into the role of wild migratory birds in the epidemiology of highly pathogenic avian influenza (H5N1), conducted in Mongolia in mid-August. The presence of H5N1 was confirmed in a sample collected from one dead whooper swan on Erhel Lake, Hovsgol Aimag, by the United States Department of Agriculture (USDA) Poultry Research Laboratory in Athens, Georgia. This information has been shared with the international public health community.

Aerial Gazelle Survey Postponed. Plans to perform an aerial survey of the white-tailed gazelle population in the Eastern Steppe this fall have been postponed due to difficulties associated with permission to fly the survey plane. WCS will continue to pursue opportunities to reschedule the aerial survey. The information from the aerial survey will be used to validate and refine the population estimate generated by the long-distance driving transects performed this summer.

Nomrog Bridge Update. WCS has organized a series of informal meetings with representatives from WWF, UMENGO, the Governor of *Sumber Soum*, Dornod, and other concerned individuals in the scientific/conservation community to determine the facts behind renewed efforts to build a bridge in or near the Nomrog Strictly Protected Area (SPA) in the Eastern Steppe. Efforts to ensure transparency in the decision process associated with this important issue will continue to be pursued.

SANREM Proposal Submitted. A proposal for a long-term collaborative research and training program focused on the interface of livestock, wildlife, and human health was submitted to the Sustainable Agriculture and Natural Resource Management (SANREM), Collaborative Research Support Program (CRSP) of USAID on September 30th by WCS and Michigan State University. The proposal was accompanied by letters of support from USAID/Mongolia and the U.S. Embassy in Mongolia.

STRATEGIC OBJECTIVE 2: MORE EFFECTIVE AND ACCOUNTABLE GOVERNANCE

In September, USAID/Mongolia released the final Casals & Associates, Inc. report, *Assessment of Corruption in Mongolia*. In conjunction with the release, US Ambassador Pamela J. Slutz hosted a press conference and distributed copies of the assessment in English and Mongolian to interested parties. The assessment, which was very well received, will help inform the design of future USAID/Mongolia anti-corruption activities.

Judicial Reform Project (JRP)

National Center for State Courts (NCSC)

Consultancy on Judicial Independence. Marie Milks, a retired Hawaii State Court Judge, visited Mongolia in September to work on improving judicial independence. She is meeting with judges, court staff and lawyers to discuss networking and mentoring opportunities in the courts, and she will teach courses on mentoring and ethics. Judge Milks has previous experience in Mongolia, and the timing of this trip is important because it coincides with a vote by

the Supreme Court Judges and Chief Judges on the candidate they want the President of Mongolia to name for the new Chief Judge of the Supreme Court. Changes at that level could have a significant impact on judicial independence.

Software Design. JRP completed the software design and a users manual for the Supreme Court in September. Work continues on establishing a database of all case information that can be made accessible by internet.

Court Renovation. Renovation equipment was delivered to the Sukhbaatar and Chingeltei District Courts in September, the first two courts scheduled for renovation. Among other features, the newly renovated courts will have a microphone system so that *verbatim* transcripts can be created and the press and public will be able to attend all hearings. Memoranda of understanding have been reached with District Court Chief Judges to prevent any judge from continuing the illegal practice of holding closed hearing in his chambers without legal justification. Work on the remaining courts should be finished in October.

Court Management Training. In September, JRP organized the final court management training for Chief Judges, Court Administrators, and Court Secretaries for the District, Capital City Appellate, and Capital City Administrative courts. Two officers of the GCC and some members of the case flow management study group were also invited to attend the session to provide them with an understanding of the new court management approach. This training completes the series of regional training activities on this subject for the entire country. The impact of applying the new approach will be evaluated early next year.

Mongolian Court FAQs. The JRP printed a poster answering the most frequently asked questions at the Public Access Terminals in September, and is distributing it to all courts to be posted in Public Areas.

Political Parties and Parliamentary Support Project *International Republican Institute (IRI)*

IRI Sends Parliamentarians to the US. With its own resources, IRI sent six MPs and two staff members to Washington, Annapolis and Denver for a parliamentary and governance educational program in September. The program was funded through the Institute for Representative Government (IRG). The MP participants were S. Batbold, Chairman of the Standing Committee on State Structure and Head of IRI/SGH Joint Working Group; D. Demberel, former Chairman of Standing Committee on State Structure and former head of IRI/SGH Joint Working Group in 2000-2004; L. Gansukh, former General Secretary of the Democratic Party; D. Odbayar, Chairman of Legal Standing Committee in SGH, and member of the IRI-SGH Joint Working Group, and former Governor of Dornod *Aimag*; Ms. Munkhtuya, one of five women in Parliament; and Ms. Tuya, another woman Parliamentarian.

While in Washington the group met with officials from the IMF, the Center for Public Integrity, the National Council of State Legislatures, and the Congressional Research Center, and attended a US House press conference announcing support for a proposed free trade agreement between Mongolia and the US. The highlight of the visit was a personal meeting with House Speaker Dennis Hastert in the Speaker's Capitol office. In Annapolis, they met with Maryland Secretary of State Ms. Mary Kane, the advisor on ethics to the General Assembly, and the Director of the Office of International Business. The group also toured the US Naval Academy. In Denver they met with Lt. Governor Jane Norton and Denver Mayor John Hickenlooper, and attended a roundtable on the role of politically active NGOs in society. Also at this meeting, they met State Senator Nancy Spence and former Representatives Glenn Scott and Rob Fairbanks. Later the participants visited the district office of Congressman Bob Beauprez, and the office of

international relations at the Colorado School of Mines (CSM) where they had an opportunity to descend into the “Edgar Mine” near the CSM campus.

Legislative Support. IRI was especially active in September preparing for the fall session of the SGH, and lobbying political officials and MPs on Committee Rules and Procedures, Ethics for MPs and Ethics Committee Rules, the Election Law, and Anti-Corruption legislation. On October 3, IRI hosted a legislative luncheon with key MPs and US Embassy/USAID officials in cooperation with Women in Politics and Governance .

Training, Advocacy and Networking (TAN) Project

Mercy Corps International

CSO Network Support. In September, TAN worked extensively with the civil society organization (CSO) Networks in Uvurhangai and Dundgovi *aimags*. The Dundgovi Network produced five FM radio programs in cooperation with Administrative Court, Human Rights Commission, and Land Department based on citizen comments and requests. Approximately 40% of citizens in the *aimag* center received information from the FM program. Training in how to write an activity report was also conducted to improve the capacity of network organizations. The Uvurhangai CSO network conducted a survey entitled “Corruption at a local level” among 400 local people; 54.4% of participants mentioned that corruption is a growing problem in local government service organizations, especially in hospitals, courts, secondary schools, and land departments. Corruption forms include cash, gifts, and invitations to lunch/dinner. Five hundred copies of the survey report were produced for local government organizations, businesses, information centers, and CSOs.

Community Based Grant Voucher Program. The Free Youth CSO worked with local government officials in September to develop a work plan for establishing a *bagh* development center. Together, they fixed the percentage of a local government organization’s contribution and concluded an agreement with the *soum* governor’s office. The result of the meeting was that *soum* governor’s office will provide MNT 700,000 and experts from the local governor’s office to help with building repair, starting in October.

Publications. Six hundred copies of two manuals for local trainers, providing guidance on how to market technical services and skills to potential customers, were published in September. Also, 800 copies of a handout on project proposal writing skills were published by TAN and distributed.

PART II: COUNTRY NEWS

Italian Actress Visits Mongolia. Italian actress Monica Bellucci visited Mongolia in September, in conjunction with filming of her latest movie *Le Concile de Pierre* (The Stone Council). The French film is set in France and Mongolia, and included shooting at Gandan Monastery and Sukhbaatar Square.

The Arrival of Wi-Fi. Mongolia is one of the best examples in the world of a country that’s leap-frogging entire generations of technology. It’s the only country in the world where we have seen abandoned telephone lines in some remote parts of the country—abandoned except for use as back-scratching posts for the local camel populations. The reason they’re abandoned is that nobody uses them; people use cell phones. In any case, wireless fidelity (“wi-fi”) has now arrived in Mongolia, making it possible to use laptops and PDAs (those are “personal digital assistants”

for you technological dinosaurs) while lunching at Le Bistrot Francaise. Now, if we could just get Monica Bellucci to join us for lunch...

Khan Bank Wins Bank of the Year. Khan Bank—which USAID was responsible for snatching out of the clutches of bankruptcy, turning around with long-term technical assistance, and privatizing—was named by *Banker Magazine* of London as Bank of the Year for 2005 in Mongolia. *Banker Magazine* is part of the Financial Times Group, and the annual Bank of the Year awards for each country are considered the “most prestigious in world banking.”

“Give Me Land, Lots ‘o Land...” A delegation of American cowboys, ranchers and musical friends from the Western Folklife Center in Nevada paid a visit to Mongolia in September, singing their way across the steppe and “returning the favor” for the visit last year to the US of a delegation of Mongolian herders and artists. The trip was sponsored by the Folklife Center, Boojum Travel, the US Embassy, and the American Center for Mongolian Studies. In addition to traditional cowboy songs, the visitors recited poetry and gave lectures about cowboy culture in the United States.

Classic Cars. The famous Mongol Rally, a race of sorts from London to Ulaanbaatar, has become quirkier by the year. This year, two Brits bought an old 1961 Morris Minor Traveller and nursed it the 6,000 miles with only occasional breakdowns in Gleneagles, Scotland; the Czech Republic; and Ukraine. According to the drivers, the vehicle was such a spectacle—“held together with duct tape and prayer”—that even the Russian police declined to give them a ticket. The Mongolian border guards only let the vehicle in tax-free, however, with the agreement that it would be donated to charity and auctioned off.

Mongolian Boxer Gets New Shot at Title. Well-known Mongolian lightweight boxer Lakva Sim got a chance at the WBA lightweight title by knocking out Ebo Elder in Atlanta, Georgia in September. Sim, who is 33, scored a twelfth round TKO and won the right to try and regain the world title from Juan Diaz, who took the belt from Sim in 2004.

That’s it.